

**MINUTES OF THE REGULAR MEETING OF
SOUTHFIELD FIRE & POLICE RETIREMENT SYSTEM BOARD**

June 13, 2017

The Board convened in Training Room 2 in the Human Resources Department at 9:00 a.m. with President Fisher presiding. The Meeting was started at 9:10 a.m.

PRESENT: John Fisher, Duane Garth, Irv Lowenberg

ABSENT: Shawn Wells, Audrey Harvey

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Brian Green/Investment Consultant, Megan Battersby/Retirement Program Director, Lauri Siskind/Human Resources Director, Alex Klikoff and Bijan Pajoohi/Fintan Partners (via phone), Matt Byron/Livingston York Advisors (via phone)

R.B. 17-074 **MOTION** by Garth, supported by Lowenberg, to approve the May 9, 2017 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-075 **MOTION** by Lowenberg supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of April 30, 2017 in the amount of \$197,622,468.00. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-076 **MOTION** by Lowenberg, supported by Garth, to approve payment of invoices as follows: Invoice from AndCo for investment consulting services for the period April, 2017 in the amount of \$9,001.84; Invoice from AndCo for investment consulting services for the period May, 2017 in the amount of \$9,001.84; Invoice from GRS for EDRO recalculation of benefits due to retirement for W. Foster in the amount of \$825.00 (to be billed to the participant and alternate payee); Invoice from GRS for EDRO calculation of benefits for J. Medici in the amount of \$1,300.00 (to be billed to the participant and alternate payee); Expense report from M. Battersby for Spring MAPERS Conference. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-077 **MOTION** by Garth, supported by Lowenberg, to acknowledge receipt of the Informational Items including YTD 2016/2017 Budget and Correspondence received during the period May 9 – June 12, 2017. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-078 **MOTION** by Fisher, supported by Lowenberg, to approve Retirement Applications from K. Rochon and D. Adams. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-079 **MOTION** by Fisher, supported by Lowenberg, to approve DROP Distribution Election from L. Doan. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-080 **MOTION** by Garth, supported by Fisher, to approve Annuity Withdrawal Distribution Election from K. Rochon. **MOTION CARRIED UNANIMOUSLY**

In the legislative update, legal counsel discussed the State's intention of closing down the defined benefit plan for teachers which is currently a hybrid plan. It has been the big issue and there is a strong movement towards a mandatory defined contribution plan.

R.B. 17-081 MOTION by Garth, supported by Lowenberg, to accept the legal report and legislative update as delivered. MOTION CARRIED UNANIMOUSLY

The new AndCo contract was discussed and it was noted that it will be effective July 1, 2017. Invoices will occur on a quarterly basis with billings in arrears.

A new offer for the Avignon property has been received from Mize & Sefair. The consultant recommends the following two changes/conditions: 1) increase the hard money deposit and 2) require proof of the buyer's ability to close. The discussion was suspended while legal counsel attempted to contract the investment advisor, Livingston York Advisors.

A liquidity schedule was presented by the investment consultant and there was discussion of potential retirement payouts that could occur in November and December.

R.B. 17-082 MOTION by Lowenberg, supported by Garth, to approve the six month liquidity schedule for the period July – December, 2017 as presented. MOTION CARRIED UNANIMOUSLY

Surplus cash was addressed and the investment consultant noted that there was no action needed at this time. The investment consultant had presentations for the Board on Asset Allocation Review and Alternate Investment Considerations. The purpose of the asset allocation discussion was to lay the groundwork for a deeper discussion later in the year when the actuary presents the actuarial valuation and to provide a foundation for the continued build out of the alternative investment portfolio. Five managers that are approved for use by the AndCo Investment Committee as well as one manager that will be presented to the Investment Committee for approval were included. Bloomfield Capital and JCR Capital, managers that are not currently approved by the Investment Committee, were also included at the Pension Board's request. The goal was an exploratory conversation. The investment consultant recommended that Crescent Capital Group be interviewed at the next meeting for educational reasons and that the search material be updated for real estate options.

A conference call was had with Alex Klikoff and Bijan Pajoochi from Fintan Partners. The Pension Board was looking for an update on the fund investment, particularly the wind-down of the investment as it relates to timing and the current poor performance of the fund. Fintan indicated that the wind-down and distribution are on track. When asked why it was taking longer than had been anticipated and previously communicated, they stated that the investments are somewhat illiquid and that all investors are being treated equally with pro-rata distributions. With fewer and fewer securities remaining, volatility is increasing. The Retirement Program Director was asked to review when the Board was initially notified and what the timetable was at that time. There was also concern expressed by the Board as to the current value of the Fintan investment as it was stated by Fintan and reflected by Northern Trust and the investment consultant in recent reports.

Market Update as of May 31, 2017 was discussed. May had varying and mixed results for the month. Technology has the best and energy the worst YTD results.

R.B. 17-083 MOTION by Lowenberg, supported by Garth, to approve payment of the invoice from Villages of Avignon CDD for reimbursable expenses as of 5/24/17 including legal fees in the amount of \$3,620.64. MOTION CARRIED UNANIMOUSLY

A memo from Jay Rollins regarding the JCR Capital Loyalty Program for Fund IV was discussed. Fees are being deferred for 12 months, with a true up of the fees over 18 months and an 8% premium will be paid to the first close LP from later close LP's. Addition incentives were also indicated.

R.B. 17-084 MOTION by Lowenberg, supported by Garth, to acknowledge receipt and file the memo from Jay Rollins regarding the JCR Capital Loyalty Program for Fund IV. MOTION CARRIED UNANIMOUSLY

The HRSA for the Retirement Program Director was tabled until next month.

Discussion regarding Avignon purchase offers was resumed with a conference call with Matt Byron from Livingston York Advisors. Closing costs are estimated to be approximately \$275,000 with total broker commissions of 6%. The Board considered countering the newest offer with the two conditions recommended by the consultant plus stipulating that the Avignon attorney would be used for title insurance and that there be an agreement that their broker's commission be paid by them and our broker accept a 3% commission paid by Avignon. It was suggested that the latest Reinhart Homes offer be countered in a similar manner.

R.B. 17-085 MOTION by Lowenberg, supported by Garth, to acknowledge receipt of the correspondence from Livingston York Advisors dated June 8, 2017 and approve the terms subject to the conditions as expressed therein as well as the counter terms discussed with Livingston York plus counter Reinhart Homes at \$3.5 million with the same conditions. MOTION CARRIED UNANIMOUSLY

The investment consultant clarified that the value of Fintan is currently approximately \$2.2 million with \$5.3 million in cash in the Fintan account which will be moved immediately.

R.B. 17-086 MOTION by Lowenberg, supported by Fisher, to reconsider prior motion R.B. 17-082 regarding approval of a liquidity schedule for the period July – December, 2017 and table it until next month. MOTION CARRIED UNANIMOUSLY

R.B. 17-087 MOTION by Lowenberg, supported by Garth, to adjourn the meeting. MOTION CARRIED UNANIMOUSLY

Meeting adjourned at 11:30 a.m.

Prepared by Megan Battersby
Retirement Program Director

Approved by Board Motion on July 11, 2017